



RESOLUTION

URGING THE MAYOR AND THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO INVESTIGATE THE CONTRACTUAL RELATIONSHIP BETWEEN THE CITY AND THE CONSULTANTS FOR THE HONOLULU HIGH-CAPACITY TRANSIT CORRIDOR PROJECT FOR POSSIBLE CONFLICTS OF INTEREST.

WHEREAS, at a current estimated total cost of \$5.3 billion, the Honolulu High-Capacity Transit Corridor Project ("rail transit project") is the most expensive capital project in the city's history; and

WHEREAS, Honolulu taxpayers, through a general excise tax surcharge, are expected to pay up to 80 percent of the rail transit project's total cost over the next ten years; and

WHEREAS, on July 1, 2011, management of the project transferred from the city to the Honolulu Authority for Rapid Transportation ("HART"); and

WHEREAS, during a HART Board of Directors meeting on July 21, 2011, a city representative estimated that the cost for consultants and other "soft costs" would total \$1 billion; and

WHEREAS, to date, the city has awarded over \$504 million on consulting services for the rail transit project (Budget and Fiscal Services website, Purchasing Division link; Dept. Com. 587), including:

- \$300,000,000 for a general engineering consultant to oversee planning and construction management;
- \$156,211,100 for a general engineering consultant to oversee preliminary engineering and the environmental impact statement;
- \$36,727,162 for a project management support consultant; and
- \$10,210,000 for a project consultant to oversee the drafting of the Alternatives Analysis and the draft environmental impact statement;

and

WHEREAS, allegations have been made in the media that certain conflicts of interest exist regarding these rail transit project consultant contracts, and further, that



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these conflicts of interest have resulted in the city incurring unnecessary additional costs, including, for example, allegations found in the following reports:

- The general engineering consultant ("GEC") that was hired for the rail transit project, and which stands to make up to half a billion dollars over the life of the project, is overseen by another city-hired consultant made up of former employees of the GEC, all of whom have ties to a key city representative who was recruited from the GEC;
- In 2005, the GEC received its first consultant contract for \$10.2 million. In 2007, the GEC received another contract that was first priced at \$86 million but has since grown to \$156 million. In June of this year, the GEC was selected for a new \$300 million contract. During this time, an apparent error was made in routing the proposed railway too close to the airport, which will reportedly result in \$29 million in additional costs to correct ("City Awards New \$300 Million Rail Contract; Opponents Seek Investigation"; www.hawaiireporter.com, 8/23/2011); and
- Negligent oversight by the project manager or any other consultant in a needed route adjustment near the airport should result in that party or parties—rather than Honolulu taxpayers—being held accountable for the financial consequences of that negligence, according to a letter sent to the mayor by rail opponents ("Rail foes challenge city over cost of route fix"; Honolulu Star-Advertiser, 8/24/2011);

and

WHEREAS, the Council finds that transparency, disclosure and accountability regarding conflicts of interest and city spending of taxpayer dollars is needed in order to restore and foster public trust in the implementation, management and oversight of the rail transit project; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it urges the Mayor and the Honolulu Authority for Rapid Transportation to investigate the contractual relationship between the city and the consultants for the Honolulu High-Capacity Transit Corridor Project for possible conflicts of interest; and

BE IT FURTHER RESOLVED that the investigation include, but not be limited to, communication with the City Ethics Commission regarding any possible conflict of interest in rail transit project contracts, and a determination of financial accountability, if any, due to errors made as a result of negligence; and



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BE IT FURTHER RESOLVED that the Mayor and HART are urged to complete this investigation as soon as possible and to report their findings to the Council and the public; and

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Mayor and the Chair of the Board of Directors of the Honolulu Authority for Rapid Transportation.

INTRODUCED BY:

Tom Katsiyoshi
Romy A. Lankh

DATE OF INTRODUCTION:

SEP 08 2011

Honolulu, Hawaii

Councilmembers

FILED

SEP 08 2012

PURSUANT TO ROH Sec. 1-2.5